



## **INDIGENT POLICY**

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## 1. DEFINITIONS

**“Child headed household”** means a household where both parents are deceased and where all occupants of the property are children of the deceased and are under the legal age to contract for services;

**“Basic Municipal Services”** means a municipal service that is necessary to ensure an acceptable and reasonable quality of life that is not provided would endanger public health or safety or the environment .For the purposes of this framework “Basic Municipal Services” refers to the following services rendered and subsidized by municipality: water and sanitation, electricity /alternative energy and refuse removal.

**“Free Basic Alternative Energy”** means any other form of basic energy excluding electricity and solar home home systems deemed necessary to support the basic energy needs of an indigent households as determined from time to time and funded by the government.

**“Household”** means as a registered owner or tenant with or without children who reside on the same premises;

**“Indigent”** means any household or category of households, including a child headed household, earning a combined gross income, as determined by the municipality annually in terms of a social and economic analysis of its area, which qualifies for rebates/remissions, support or a services subsidy; provided that child support grants are not included when calculating such household income;

**“Indigent Management System”** an electronic management system applied by KZN 436 and Ingwe municipality for the management of the register of indigent households;

**"Municipality"** means Dr Nkosazana Dlamini Zuma Local municipality, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councilor, duly authorized agent or any employee acting in connection with this by-law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councilor, agent or employee;

**“Programme officer”** an official duly authorised by the municipality, or an employee of a service provider appointed by the municipality, who is responsible for the following:

- a) to ensure that applications for indigent support are received and assessed;
- b) to ensure that applications are captured on the Indigent Management System;
- c) to ensure that information on applications are verified and that regular audits are executed; and
- d) to authorise expenditure with regard to indigent support.

**“Occupier”** means the person who controls and resides on or controls and otherwise uses immovable property, provided that -

- a) the spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof;
- b) where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier;

**“Indigent register”** means the Microsoft Access database, which has to be updated on a monthly basis, designed to contain all the inputted data contained within completed indigent application forms which contains the following key information:

- a) Indigent customer details
- b) Socio-economic details
- c) Skills details

In addition the indigent register is able to provide reports relating to, but not limited to the following:

- a) Indigent application exceptions
- b) Skills reporting required for LED/exit strategy
- c) Socio economic reporting

**“Owner”** in relation to immovable property, means -

- a) the person in whom is vested the legal title thereto provided that -
  - (i). the lessee of immovable property which is leased for a period of not less than fifty years, whether the lease is registered or not, shall be deemed to be the owner thereof; and
  - (ii). the occupier of immovable property occupied in terms of a servitude or right analogous thereto shall be deemed the owner thereof;

- b) if the owner is deceased, insolvent, has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be;
- c) if the owner is absent from the Republic or if his or her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property; or
- d) if the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property;

**“Premises”** includes any piece of land, the external surface boundaries of which are delineated on -

- a) a general plan or diagram registered in terms of the Land Survey Act, 1997 (Act No. 8 of 1997) or in terms of the Deeds Registries Act, 1937 (Act No. 47 of 1937);
- b) a general plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), and situated within the jurisdiction of the municipality;

**“Rates”** means any tax, duty or levy imposed on property by the Council;

## **2. INTRODUCTION**

- 2.1 As a developmental institution, the Municipality needs to commit to supporting measures that assist and empower its community. It is accepted that large sections of the community cannot exist without intervention and it is therefore the duty of the Municipality to support and to ensure that citizens are able to access their constitutional right to have access to a basic level of services.
- 2.2 The Municipality must therefore at all times strive to fulfill the constitutional objectives as contemplated in Section 152 of the Constitution and to meet the criteria for a credible indigent policy as laid down in the Credible Indigent Policy Assessment Framework, 2008, provided by the Department of Local Government.
- 2.3 The successful implementation of this Policy depends totally on affordability and the social analysis of the area as should be included in the Municipality's IDP. With regard to affordability the foundation is laid in section 74 of the Municipal Systems Act, 2000, which stipulates that poor households must have access to basic service through tariffs that cover only the operating and maintenance costs.
- 2.4 The Municipality therefore adopts an indigent support policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidisation of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.

## **3. POLICY PRINCIPLES**

- 3.1 In recognition of the abovementioned National Framework the Municipality undertakes to promote the following principles:
- a) To ensure that the Equitable Share received annually will be utilised for the benefit of the poor only and not to subsidize rates and services charges of those who can afford to pay;
  - b) To link this Policy with the Municipality's IDP, local economic development (LED) initiatives and poverty alleviation programmes;
  - c) To promote an integrated approach to free basic service delivery; and
  - d) To engage the community in the development and implementation of this Policy;

## **4. POLICY OBJECTIVES**

- 4.1 Due to the high level of unemployment and subsequent poverty in the municipal area, there are households which are unable to pay for normal municipal services. The Municipality therefore adopts this Policy to ensure that these households have access to at least basic municipal services, and is guided in the formulation of this Policy by the national government's policy in this regard.
- 4.2 This Policy supersedes all financial policy instructions that have previously been issued. Failure to comply with the prescribed policies will result in the institution of disciplinary procedures in terms of the stipulated human resources policies and procedures of the Municipality. Therefore in support of the above principles the objective of this Policy will be to ensure the following:
- a) The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;
  - b) The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation;
  - c) Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and an exit strategy;
  - d) The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households;
  - e) To ensure co-operative governance with other spheres of government; and
  - f) To enhance the institutional and financial capacity of the Municipality to implement the policy.

## **5. THE LEGISLATIVE FRAMEWORK**

This Policy is designed and implemented within the framework of the following legislation:

- a) The Constitution of the RSA, 1996;
- b) The Municipal Systems Act, 2000 (Act 32 of 2000);
- c) The Municipal Finance Management Act, 2003 (Act 56 of 2003);
- d) The Promotion of Administrative Justice Act, 2000 (Act 3 of 2000);
- e) The Promotion of Access to Information Act, 2000 (Act 2 of 2000);
- f) The Property Rates Act, 2004 (Act 6 of 2004).
- g) The Free Basic Alternative Energy Policy 2007
- h) The Free Basic Electricity Policy 2003

## **6. QUALIFICATION CRITERIA**

- 6.1 Qualification criteria for indigent support shall be determined by the Municipality from

time to time, provided that until the Municipality determines otherwise, the following criteria shall apply:

- a) The applicant must be a resident of the Municipality.
- b) The applicant must be in possession of a valid South African identity document.
- c) The combined or joint gross income of all occupants or dependants in a single household which receives services from the Municipality may not exceed the thresholds determined by the municipality annually during consideration of the budget for the next financial year. The guideline relating to the household income threshold is an income of not more than two state pensions per month.
- d) The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the municipal financial system; provided that the requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered nor in rural areas where no accounts are rendered.
- e) Any occupant or resident of the single household referred to above may not own any property in addition to the property in respect of which indigent support is provided.
- f) A tenant can apply for the benefits in respect of the charges he/she is billed for while the landlord remains liable for all ownership related charges such as rates.
- g) The account of a deceased estate may be subsidised if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance.
- h) The total joint gross income of all occupants or dependents in a single household must be less than two state pension grant income.
- i) All households with no electricity connection utilizing alternative energy.

## **7. APPLICATION PROCEDURE**

- 7.1 Registration must be undertaken three months before the beginning of each financial year.
- 7.2 The onus for applying for indigent subsidy, in terms of this framework rests with the consumer who has low income and cannot afford to pay the full municipal tariff for services received.
- 7.3 The onus of ensuring that indigent budget allocation is spent on indigent households rests with the Municipality who has the responsibility to identify indigent households, provide and maintain services, and an indigent exit strategy.



- 7.4 An indigent application must be done on a specific municipal application form obtainable from service centres designated at their respective areas.
- 7.5 The programme officers must provide the applicant with a reference number during application and verification phases.
- 7.6 The following documentary proof has to accompany the indigent application form:
- Applicant's identity document;
  - The applicant biological /foster /adopted children's identity documents;
  - Proof of residence;
  - Proof of ownership or lease of the premises where the applicant is not yet connected to electricity;
  - Proof of connection to electricity or Eskom account;
  - In addition ,a recommendation by a Ward Councillor detailing qualifying reasons;
  - Bank Statement where applicable;
  - Copy of a certified government grant card (state pensioners , disability ,foster etc.); and
  - A sworn affidavit to the effect that all information supplied is true and all income from all resources has been declared. ~~And~~

## **8. TARGETING OF INDIGENT HOUSEHOLDS**

- 8.1 The effective targeting of indigent households and the implementation of this Policy will depend largely on the social analysis included in the IDP, the LED initiatives and other poverty relief programmes of the Municipality. The socio-economic information and performance indicators contained in these documents must form the basis for the targeting of indigent households.
- 8.2 Against the background of such socio-economic analysis, the Municipality must within its financial and institutional capacity decide which targeting approach or option should be applied.
- 8.3 Depending on capacity the Municipality may apply any or a combination of the following targeting methods:

Targeting approach	Application
1. Service levels	Lowest service levels normally in informal

	settlements and rural areas.
2. Service consumption	Metered services in urban and rural areas.
3. Property value	Applicable only to registered indigents in respect of subsidised or RDP housing to a value determined in addition to the R15000 in terms of the Property Rates Act, 2004. This value is set at R 50,000.00 including the first R 15 000 on residential properties in terms of MPRA.
4. Household income	Threshold determined in terms of socio-economic analysis.
5. Geographical (Zonal) targeting	Specific areas (rural or urban) where households are regarded as poor irrespective of service level.

## 9. EXTENT OF INDIGENT SUPPORT

9.1 The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

9.2 Within the abovementioned budgetary process, and in striving to create a situation where poor households will be granted access to a full social package, the following assistance and support may be granted:

### 9.2.1 Electricity

Each registered indigent household shall receive electricity fully subsidised to a maximum of 50 kWh per month. This subsidy may also apply to registered indigent households in rural areas where the Municipality is the electricity supplier while agreements with Eskom, where the latter is the supplier, may be negotiated to support such households.

### 9.2.2 Refuse removal

Each registered indigent household shall be fully subsidised for refuse removal as provided for in the annual budget.

#### 9.2.3 Property Rates

Each registered indigent household shall be subsidised for property rates as provided for in the annual budget and subject to the provisions of the Municipal Property Rates Act, 2006.

### 10. **ASSISTANCE PROCEDURES**

#### 10.1 Communication

10.1.1 The Municipality must develop a communication strategy in terms of which communities will be informed and educated in order to have a clear understanding of this Policy and its implementation. Regular information dissemination and awareness campaigns must be undertaken to eliminate unrealistic expectations both in terms of qualifying for subsidy as well as service delivery in general and methods of communication may include, but will not be limited to:

- a) ward committees;
- b) traditional leaders, where applicable;
- c) community based organisations;
- d) local radio stations and news papers;
- e) municipal accounts;
- f) imbizo's and road shows; and
- g) jamborees where government and municipal officials are made available to assist residents with applications such as ID applications, pension- and social grant applications, etc.

#### 10.2 Institutional arrangements

The Municipality must designate existing staff or appoint officials, or engage properly Community Development Workers who have been trained in terms of the Municipality's directions to assist with the implementation and development of this Policy and must establish appropriate registration points in its area, the cost of which may be funded through the equitable share allocation.

#### 10.3 Application/Registration

A person applying for indigent support must complete a formal indigent support application form approved by the Municipality. Such forms will be available at approved registration points provided by the Municipality and shall be dealt with in terms of the Procedures Manual.

#### 10.4 Assessment & Screening of Applicants

Upon registration of an application, all information must be verified by the Programme Officer in terms of the Procedures Manual as per Appendix 1.

#### 10.5 Recommendation

Once the verification has been completed the Indigent Management System must generate a recommendation based on the information captured in the database and shall be dealt with in terms of the Procedures Manual.

#### 10.6 Right of appeal

An applicant who feels aggrieved by a decision taken in respect of his or her application may lodge an appeal in terms of section 62 of the Municipal Systems Act, 32 of 2000.

### 11. **PROCESS MANAGEMENT**

#### 11.1 Applications

With the exception of Property and Zonal Targeting the indigent application form should be completed in full and then captured onto the relevant indigent register and accounting system.

#### 11.2 Validity period

The validity period of assistance will be for the duration that the applicant remains indigent within the 12 month period. Households, in terms of the audit and review process, will be subjected to scrutiny to determine any change in status. Households may have to periodically re-apply, but this would be determined by the Municipality from time to time.

#### 11.3 Death of Registered Applicant

In the event that the approved applicant passes away the heir/s of the property must re-apply for indigent support, provided that the stipulated criteria are met.

#### 11.4 Publication of Register of Indigent Households

Names of indigent beneficiaries must be open for public perusal and comment. Written objections from the public must be referred to the Programme Officer who will be responsible for investigating the validity of the complaint and referral to the Indigent Committee for appropriate action.

### 11.5 Arrears and excess usage of allocations

- a) Upon registration as an indigent household, the arrears on the account of the applicant will be kept pending for a period of at least six months after which it may be written off.
- b) No interest may be calculated on the arrears as contemplated in 11.5 (a).
- c) If the applicant exits from the indigent support programme within the six months period in 11.5 (a), the arrears will be re-introduced in the account and will be subject to the credit control and debt collection policy of the Municipality;

### 11.6 Termination of Indigent Support

Indigent Support will be terminated under the following circumstances:

- a) Upon death of the account-holder or the head of the household where no accounts are rendered.
- b) At the end of the 12 months cycle, except in the case of pensioners and child-headed households.
- c) Upon sale of the property in respect of which support is granted.
- d) When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded..
- e) If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:
  - (i). All arrears will become payable immediately;
  - (ii). Stringent credit control measures will apply; and
  - (iii). The applicant will not be eligible to apply for indigent support for a period of 2 years.

### 11.7 Audit and review

The Municipality may conduct regular audits of the indigent register with regard to the information furnished by applicants, possible changes in status, the usage of allocations and debt collection measures applied and where necessary review the status of applicants. The frequency of such audits will depend on the institutional capacity of the Municipality to do so. It is proposed that at least monthly targeted audits and reviews are undertaken, with a complete review scheduled for at least every 5 years.

### 11.8 Exit Programme

- 11.8.1 Members of households registered as indigent must be prepared to participate in exit programmes co-ordinated by the Municipality in collaboration with other government

departments and the private sector.

11.8.2 As part of its broader poverty reduction programme the Municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible.

11.8.3 The Municipality must promote exit from indigence by -

- a) Identifying indigents for inclusion in public works projects;
- b) Initiating local job creation projects such as cleansing operations, small infrastructure projects, etc;
- c) Facilitation of opportunities to enter the informal trade market;
- d) Facilitation of food security projects; and
- e) Liaison with National and Provincial departments to include indigent persons in their public works programmes.

## **12. MONITORING AND REPORTING**

12.1 The Accounting Officer or his nominee shall report on a monthly basis to the Mayor for the month concerned and by municipal ward:

- a) The number of households registered as indigents and a brief explanation of any movements in such numbers;
- b) The monetary value of the actual subsidies and rebates granted; and
- c) The budgeted value of the subsidies and rebates concerned; and the above information cumulatively for the financial year to date.

12.2 The Mayor shall submit the above reports on a quarterly basis to the Council and to the Municipality's ward committees, or monthly frequently to any ward committees, when applicable.

## **13. CAPACITY BUILDING**

13.1 The Municipality must ensure that all officials and Councillors CDWs and Traditional Leaders are appropriately capacitated in Free Basic Services in terms of the following key areas:

- a) Database management;
- b) Demand and revenue management; and
- c) Policy and by-law implementation.

**14. EFFECTIVE DATE AND ADOPTION**

The Policy shall come to effect upon approval by Council of Dr. Nkosazana Dlamini Zuma Local Municipality.

**ADOPTED BY COUNCIL ON THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2018**

\_\_\_\_\_  
**MUNICIPAL MANAGER**

\_\_\_\_\_  
**DATE**